



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**SEP 28 2016**

James V. Lacy  
Wewer & Lacy, LLP  
30011 Ivy Glenn Drive, Suite 223  
Laguna Niguel, CA 92677

RE: MUR 6875

Dear Mr. Dickson:

The Federal Election Commission reviewed the allegations in your complaint received on September 30, 2014. On September 22, 2016, based upon the information provided in the complaint, and information provided by the respondents, the Commission decided to exercise its prosecutorial discretion to dismiss the allegations and close its file in this matter. Accordingly, the Commission closed its file in this matter on September 22, 2016.

Documents related to the case will be placed on the public record within 30 days. See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66132 (Dec. 14, 2009). The Factual and Legal Analyses, which more fully explain the Commission's finding, are enclosed.

The Federal Election Campaign Act of 1971, as amended, allows a complainant to seek judicial review of the Commission's dismissal of this action. See 52 U.S.C. § 30109(a)(8).

Sincerely,

Lisa J. Stevenson  
Acting General Counsel

BY: Jeff S. Jordan  
Assistant General Counsel  
Complaints Examination and  
Legal Administration

Enclosure  
Factual and Legal Analysis

16044401082

**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENTS:** Steve Knight  
Steve Knight for Congress  
and Kelly Lawler, as treasurer<sup>1</sup>

**MUR 6875**

**I. INTRODUCTION**

This matter was generated by a complaint alleging violations of the Federal Election Campaign Act of 1971, as amended ("the Act") and Commission regulations by Steve Knight, and Steve Knight for Congress and Kelly Lawler, in her official capacity as treasurer, (the "Committee"). It was scored as a low-rated matter under the Enforcement Priority System, by which the Commission uses formal scoring criteria as a basis to allocate its resources and decide which matters to pursue.

**II. FACTUAL AND LEGAL ANALYSIS**

**A. Factual Background**

The Complaint alleges that the Committee violated the Act and Commission regulations by airing radio advertisements that failed to include a statement of the candidate's approval in the disclaimer. Compl. at 1-2. The Complaint also alleges that the Committee failed to disclose campaign expenses related to travel in March 2014 that were paid for by the candidate from personal funds, as well as costs related to a campaign billboard in Lancaster, CA. Compl. at 2-5.

---

<sup>1</sup> Steve Knight for Congress was the principal campaign committee for Steve Knight, current member of Congress and 2014 candidate for California's 25th Congressional District seat.

1 The Committee responded by acknowledging that there were “inadvertent omissions” in  
2 its initial 2014 April Quarterly Report, and stating that it had corrected the errors in an amended  
3 report. Resp. at 2-3. The Committee filed an amended 2014 April Quarterly Report on October  
4 2, 2014, that disclosed a non-monetary contribution of \$558 from the candidate for travel to  
5 Washington, DC, as well as reporting a \$787.95 debt that it had incurred for billboard  
6 advertising.<sup>2</sup> The Committee also stated that it had “refined [its] internal systems to prevent  
7 errors like this in the future.” Resp. at 2. The Committee’s Response also stated that it believed  
8 the radio advertisement disclaimers were in compliance, however the ad, which the Complainant  
9 recorded and submitted with the Complaint, did not include a statement of approval from the  
10 candidate. Resp. at 3.

11 **B. Legal Analysis**

12 The Act requires that radio communications by candidates contain a disclaimer  
13 including, among other things, a spoken statement that identifies the candidate and states that  
14 the candidate approved the communication.<sup>3</sup> Although the radio advertisement included the  
15 statement “Paid for by Steve Knight for Congress,” it did not include the approval statement, as  
16 required by 52 U.S.C. § 30120(d)(1)(A). *See also* 11 C.F.R. § 110.11(c)(3)(i). Thus, the  
17 disclaimer was technically noncompliant, but it appears that the advertisement contained  
18 sufficient identifying information to prevent the public from being misled as to its source.

19 Candidate committees are required to file reports of receipts and disbursements that  
20 include contributions received, expenditures made, and debts incurred. 52 U.S.C. § 30104(b)(2-  
21 4), (8). *See also* 11 C.F.R. § 104.3(a), (b), (d). It appears that the Committee’s initial 2014 April

<sup>2</sup> See Steve Knight for Congress Amended 2014 April Quarterly Report, filed October 2, 2014, at 35, 39, 45.

<sup>3</sup> See 52 U.S.C. §§ 30120(a)(1), (d)(1)(A); 11 C.F.R. §§ 110.11(b)(1), (c)(3)(i).

1 Quarterly Report failed to report the candidate's travel expenses in March 2014 that Knight paid  
2 for with personal funds<sup>4</sup>, and it also failed to report either an expenditure or debt incurred related  
3 to the billboard. However, the Committee filed an amended 2014 April Quarterly Report that  
4 included the missing activity.

5 Accordingly, in light of the technical nature of the disclaimer violation, the *de minimis*  
6 value of the unreported financial activity, the remedial action taken by the Committee in  
7 amending its April Quarterly Report, and in furtherance of the Commission's priorities relative to  
8 other matters pending on the Enforcement docket, the Commission exercises its prosecutorial  
9 discretion and dismisses the allegations pursuant to *Heckler v. Chaney*, 470 U.S. 821 (1985).

<sup>4</sup> Travel expenses paid for by a candidate from personal funds shall constitute reportable expenditures if the travel is campaign-related. 11 C.F.R. § 106.3(b)(1).

1004440-10005